

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 175 - SB 445**

March 6, 2019

**SUMMARY OF BILL:** Authorizes the Department of Safety (DOS) to contract with an entity for the provision of any service related to the renewal of handgun carry permits. Authorizes such entity to charge an additional fee of \$4.00 for each renewal application, which shall be retained by the entity for administrative costs.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$15,000/One-Time/Department of Safety**

**Decrease State Expenditures – Exceeds \$30,300/Recurring/  
Department of Safety**

**Increase Local Revenue – Exceeds \$60,900/Recurring/Permissive**

**Increase Local Expenditures – Exceeds \$30,300/Recurring/Permissive**

Assumptions:

- Pursuant to Tenn. Code Ann. § 55-50-331(a), DOS is authorized to contract for the provision of any service related to the issuance, examination and renewal of driver licenses subject to applicable contracting statutes and regulations. Any entity so contracting with the Department is authorized to charge an additional fee of \$4.00, which shall be retained by the entity for administrative costs.
- Currently, these contracting entities consist of forty-five county clerk offices, three cities or towns, and one AAA Auto Club.
- In FY17-18, DOS contracted entities processed 16.52 percent (219,176) of the eligible transactions of driver license duplicates and renewals. It can be expected that all contracted entities charged the authorized \$4.00 additional fee.
- Under this legislation, it can be reasonably assumed that a similar number of county clerk offices, towns and cities will contract with DOS for the provision of any service related to the renewal of handgun carry permits and that all will charge the additional \$4.00 fee as authorized.

- Under the provisions of this legislation, DOS would incur an estimated one-time expenditure of \$15,000 to supply the contracting entities with the necessary training materials and equipment for handgun carry permit renewal services.
- There were 101,495 handgun carry permits renewed in FY17-18.
- It is estimated a \$4.00 fee to persons seeking to renew their handgun carry permit at a contracted entity, as authorized under this provision, would not significantly decrease the total amount of renewals requested statewide, nor reduce the extent of permit fee revenue recognized by the DOS.
- Any impacts to local government are considered permissive due to a local entity's decision to contract with DOS to provide such services.
- It is estimated the local contracting entities will process at least 15 percent of all handgun carry permit renewals, or a minimum of 15,224 applications (101,495 x 15%).
- The permissive recurring increase in local revenue from renewal application fees is estimated to exceed \$60,896 (15,224 applications x \$4.00 fee).
- According to DOS, the current cost to print a handgun carry permit is \$1.99.
- The permissive recurring increase in local expenditures associated with printing costs is estimated to exceed \$30,296 (15,224 cards x \$1.99 cost).
- The Department would see an equal recurring decrease in expenditures, as the contracting entities would incur the cost of printing an estimated 15 percent of handgun carry permit renewals.
- The recurring decrease in state expenditures to DOS associated with printing costs is estimated to exceed \$30,296 (15,224 cards x \$1.99 cost).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/jmg